

CRS Report for Congress

State, Foreign Operations, and Related Programs: FY2009 Appropriations

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State, Foreign Operations, and Related Programs: FY2009 Appropriations

Summary

The annual State, Foreign Operations and Related Agencies appropriations bill is the primary legislative vehicle through which Congress reviews the U.S. international affairs budget and influences executive branch foreign policy making in general. Funding for Foreign Operations and State Department/Broadcasting programs has been steadily rising since FY2002, and amounts approved for FY2004 in regular and supplemental bills reached an unprecedented level compared with the past 40 years, largely due to Iraq reconstruction funding. Emergency supplementals enacted annually since September 11, 2001, also have pushed spending upward.

On February 4, 2008, the President sent his FY2009 budget request to Congress. Major foreign policy issues confronting the second session of the 110th Congress include the following:

- The State/Foreign Operations budget FY2009 request represents a 7.8% increase over FY2008 enacted levels, while the request for domestic programs is flat.
- DOD/State Department interagency involvement in soft power activities.
- A foreign aid reform plan that seeks to align assistance with U.S. strategic objectives.
- Significant increases in State Department and USAID staffing.
- Continued costs relating to Iraq and Afghanistan.
- The Civilian Stabilization Initiative — authorization and funding.

On May 2, 2008, the Administration requested supplemental funds for FY2009. Congress took action on both the pending FY2008 and newly requested FY2009 supplemental appropriations within H.R. 2642 in May and June, 2008.

Congress completed action on all FY2008 appropriations bills in the FY2008 Consolidated Appropriations Act (H.R. 2764) during the week of December 17, 2007. The President signed the Act on December 26 (P.L. 110-161). The act also included \$2.4 billion in emergency supplemental funds for international affairs. The Senate-passed State, Foreign Operations, and Related Programs appropriations bill was the vehicle used for the consolidated bill. The President sent an FY2008 supplemental request to Congress on October 22 seeking, among other funds, an additional \$3.6 billion for international affairs.

This report analyzes the FY2009 request and recent-year funding trends; it will track major foreign policy issues Congress may consider and will highlight congressional action throughout the appropriations process. This report will be updated to further reflect congressional action.

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State, Foreign Operations, and Related Programs: FY2009 Appropriations

Recent Developments

In early June 2008, Congress adopted its final version of the FY2009 budget resolution (S.Con.Res. 70). The budget resolution provides a new budget authority of \$37.2 billion for international affairs in FY2009 with outlays of \$35.7 billion for the same year.

Throughout May and June 2008, Congress considered \$5.4 billion for State Department/Foreign Operations FY2008 supplemental funds still pending after Congress approved some FY2008 supplementals last December. In addition, on May 2, 2008 the Administration sent to Congress its FY2009 supplemental request of \$2.24 billion for the Department of State and \$2.88 billion for Foreign Operations. Legislation (H.R. 2642) containing both year supplemental funds was passed by the House on June 19, 2008, by the Senate on June 26, 2008, and signed by the President on June 30, 2008. H.R. 2642 is now designated as Public Law 110-252.

Earlier, on February 4, 2008, the President sent his FY2009 regular budget request to Congress, including a request of \$39.5 billion for the International Affairs Function 150 account. Throughout February and March, relevant House and Senate committees held hearings with the Secretary of State and others testifying on the State/Foreign Operations funding request for FY2009.

Foreign policy issues that the second session of the 110th Congress will likely consider simultaneously with the appropriations debate include hard power/soft power and interagency coordination, foreign aid reform, State Department personnel concerns, and the civilian stabilization initiative.

For the FY2008 appropriations, Congress completed action on its consolidated Appropriations bill the week of December 17, 2007, and the President signed it on December 26 (P.L. 110-161). The bill included some of the emergency supplemental funding requested by the White House. The State Department operations and foreign aid programs are estimated by the Administration to total \$36.4 billion for FY2008, including \$2.4 billion in emergency supplemental funds.

Congressional Action

The House Appropriations Subcommittee on State, Foreign Operations, and Related Programs is scheduled to take up the international affairs (Function 150 account) regular appropriation in mid-July 2009.

Hearings and markups for the remaining FY2008 supplemental funding and recent FY2009 supplemental request occurred in May and June 2008. The House passed its version of H.R. 2642 on May 15, 2008. The Senate approved an amended version of the bill on May 22, 2008. The House passed its amended version of H.R. 2642 on June 19th. The Senate agreed to the House amendments on June 26, and cleared the bill for the President. The President signed H.R. 2642 on June 30, 2008, and it is not designated as P.L. 110-252.

Foreign aid reform and interagency cooperation regarding national security and foreign assistance are getting congressional attention. Hearings in both the House and Senate on these issues occurred in April, May, and June. More hearings are expected throughout the remainder of the 110th Congress.

The FY2009 Supplemental Request and the Remaining FY2008 Supplemental

On May 2, 2008, the George W. Bush Administration sent an FY2009 supplemental budget request to Congress amending its FY2009 regular request by a total of \$5.12 billion for international affairs accounts — \$2.24 billion for the Department of State and \$2.88 billion for foreign assistance. Also, while Division J of the Consolidated Appropriations Act, FY2008 (P.L. 110-161, signed December 26, 2007) contained both regular appropriations and \$2.4 billion for FY2008 supplemental funding for international affairs, the Administration states that \$5.4 billion of the FY2008 supplemental request (\$2.2 billion for the Department of State and \$3.2 billion for foreign assistance) is still pending enactment. (For account-by-account detail, see the tables in Appendix C and D. Also, for more information on the current supplemental appropriations, see CRS Report RL34451, *Second FY2008 Supplemental Appropriations for Military Operations, International Affairs, and Other Purposes*.)

International Affairs FY2009 Budget Overview

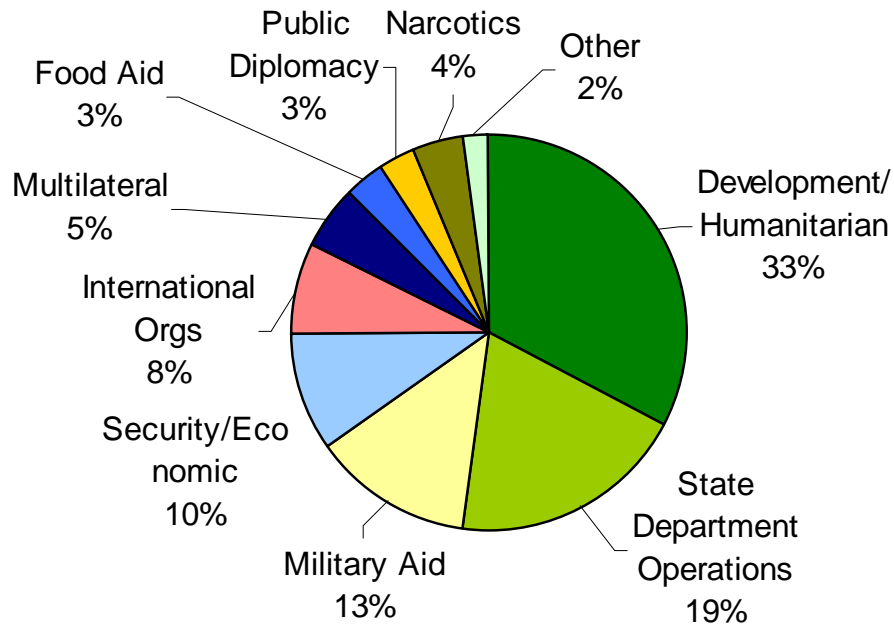
The international affairs budget, also known as Function 150, funds a variety of U.S. government programs and activities, including foreign economic and military assistance, contributions to international organizations and multilateral financial institutions, State Department and U.S. Agency for International Development (USAID) operations, public diplomacy, and international broadcasting programs. **Figure 1** provides a percentage breakout of the FY2009 budget request, including international food aid that is appropriated in the Department of Agriculture appropriations bill.

Background and Trends

The rationale for foreign affairs programs has transitioned from a largely anti-communist orientation for some 40 years following World War II to a more recent focus on anti-terrorism in the post September 11, 2001 environment. During the Cold War, foreign aid and diplomatic programs also pursued a number of other U.S.

policy goals, such as reducing high rates of population growth, promoting economic development in general, advancing U.S. trade interests, expanding access to basic education and health care, promoting human rights, and protecting the environment. In the 1990s, other goals included stopping nuclear weapons proliferation, curbing the production and trafficking of illegal drugs, expanding peace efforts in the Middle East, achieving regional stability, protecting religious freedom, and countering trafficking in persons.

Figure 1. Composition of Foreign Affairs Budget, FY2009 Request



Source: Fiscal Year 2009 Budget of the U.S. Government and CRS calculations.

Note: The total figure of \$39.50 billion includes \$157.1 million for mandatory retirement accounts.

A defining change in focus came following the September 11 terrorist attacks in the United States. Since then, U.S. foreign aid and diplomatic programs have taken on a more strategic sense of importance, and have been frequently cast in terms of contributing to the war on terrorism. In 2002, President Bush released his National Security Strategy that for the first time established global development as the third pillar of U.S. national security, along with defense and diplomacy. Development was again underscored in the Administration's re-statement of the National Security Strategy released on March 16, 2006.

Also in 2002, foreign assistance budget justifications began to highlight the war on terrorism as the top foreign aid priority, emphasizing amounts of U.S. assistance to 28 "front-line" states — countries that cooperate with the United States in the war on terrorism or face terrorist threats themselves.¹ Large reconstruction programs in

¹ According to the State Department, these "front-line" states included Afghanistan, Algeria, Armenia, Azerbaijan, Bangladesh, Colombia, Djibouti, Egypt, Ethiopia, Georgia, Hungary, (continued...)

Afghanistan and Iraq are also part of the emphasis on using foreign aid to combat terrorism. State Department efforts focus extensively on outreach in strategically important countries, diplomatic security, and finding new and more effective ways of presenting American views and culture through public diplomacy.

In the context of the post 9/11 environment, the Bush Administration announced significant initiatives relating to diplomacy and foreign aid. A new transformational diplomacy initiative, announced in 2006, repositioned diplomats to global trouble spots, created regional public diplomacy centers, localized small posts outside of foreign capitals, and trained diplomats in new skills. (See CRS Report RL34141, *Diplomacy for the 21st Century: Transformational Diplomacy* for more information.) Also announced in 2006 was the creation of a new position at the State Department, the Director of Foreign Assistance (DFA), who serves concurrently as USAID Administrator. Heading up this new “F bureau” at State, the DFA created a new Strategic Framework for Foreign Assistance with the objectives of providing more coordination, coherence, transparency, and accountability for aid programs. (See CRS Report RL34243, *Foreign Aid Reform, Issues for Congress and Policy Options* for more information.)

Other presidential initiatives address development and global health concerns. The Millennium Challenge Corporation is an aid delivery concept, proposed by President Bush in 2002, authorized by Congress (Title VI, Division D of P.L. 108-199), and established in early 2004. It is intended to concentrate significantly higher amounts of U.S. resources in a few low- and low-middle income countries that have demonstrated a strong commitment to political, economic, and social reforms. The President initially promised \$5 billion annually by FY2006, although funds requested and appropriated have never reached this level.

With regard to global health issues, President Bush announced in 2003 a five-year, \$15 billion commitment to combat HIV/AIDS. Known as the President’s Emergency Plan for AIDS Relief, or PEPFAR, the initiative has focused significant funds in 15 focus countries, largely in Africa.² Subsequently, the President launched a new initiative in mid-2005 aimed specifically at malaria (President’s Malaria Initiative, or PMI), pledging \$1.2 billion in additional resources through 2010. These initiatives, which have benefitted African nations, have contributed to fulfilling the Administration’s pledge to double aid to Africa in the 2004-2010 period. In May 2007, the President announced a second phase commitment on HIV/AIDS of an additional \$30 billion through FY2013.

Beyond these recently emerging foreign policy goals relating to terrorism and global health concerns, other prominent objectives have continued since the early 1990s including supporting peace in the Middle East through assistance to Israel,

¹ (...continued)

India, Indonesia, Jordan, Kazakhstan, Kenya, Oman, Pakistan, Philippines, Poland, Russia, Saudi Arabia, Tajikistan, Tunisia, Turkey, Turkmenistan, Uzbekistan, and Yemen.

² PEPFAR countries include Botswana, Cote d’Ivoire, Ethiopia, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Zambia, Vietnam, Guyana, and Haiti.

Egypt, Jordan, and the Palestinians; fostering democratization and stability for countries in crisis, like Bosnia, Haiti, Rwanda, Kosovo, Liberia, and Sudan; facilitating democratization and free market economies in Central Europe and the former Soviet Union; suppressing international narcotics production and trafficking through assistance to Colombia and the Andean region; and alleviating famine and mitigating refugee situations in places throughout the world.

The international affairs budget can be divided into two components — State Department and Foreign Operations. Both components are analyzed separately in the rest of this report. Taken together, the international affairs budget has fluctuated in real terms in response to changing global events. **Table 1 and Figure 2** show appropriations for the last decade in both current and constant dollars.

Table 1. International Affairs Appropriations, FY1999-FY2009
(discretionary budget authority in billions of current and 1999 constant dollars)

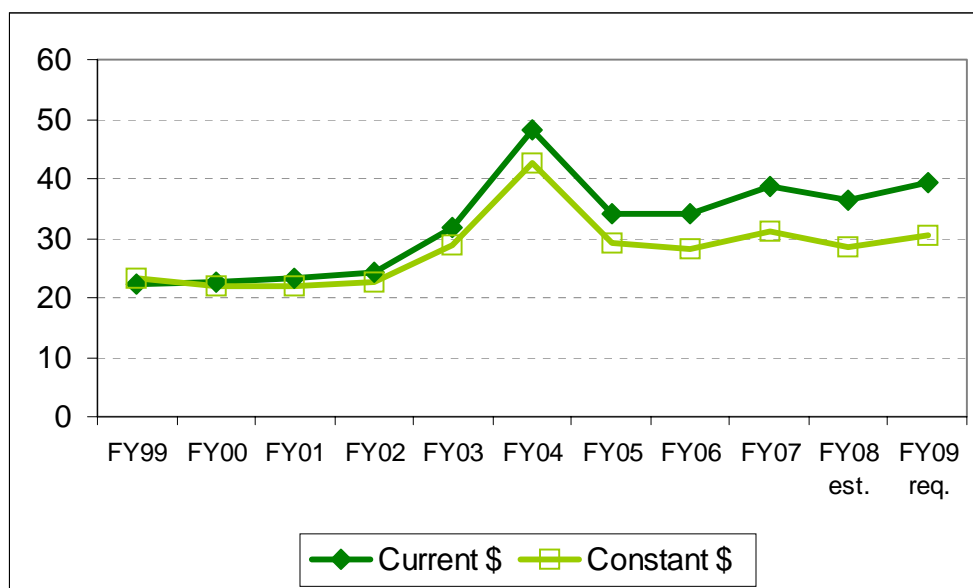
	FY99	FY00	FY01	FY02	FY03	FY04^a	FY05	FY06	FY07	FY08 est.	FY09 req.
Current \$	22.35	22.57	23.22	24.25	31.72	48.34	34.23	34.25	38.67	36.40	39.50
Constant 1999 \$	23.35	22.00	22.12	22.68	28.89	42.78	29.22	28.28	31.25	28.64	30.38

Source: Summary and Highlights, International Affairs Function 150, FY2009 and CRS calculations.

Note: Amounts do not include mandatory Foreign Service retirement accounts that total \$157 million in FY2009. The FY2009 column reflects amounts requested by the Administration. Figures for FY2008 are State Department estimates. FY1999 excludes \$17.61 billion for the International Monetary Fund. All figures include regular and supplemental appropriations.

a. Reconstruction programs in Iraq peaked in FY2004.

**Figure 2. International Affairs Appropriations, FY1999-FY2009
(\$ Billions)**



Source: Summary and Highlights, International Affairs Function 150, FY2009 and CRS Calculations.

FY2009 Budget Request Overview

On February 4, 2008, the President sent his FY2009 regular international affairs (Function 150 account) budget request to Congress. The request seeks a total of \$39.5 billion for both the Department of State and foreign operations. This represents an increase from the previous year of 8.5% at a time when much of the rest of the budget request is flat. Included in the FY2009 request is a new program referred to as the Civilian Stabilization Initiative (CSI) to help stabilize and transition countries from war to peace.

Table 2. Status of State-Foreign Operations Appropriations, FY2009

[illegible]

FY2009 Budget Request: State Department and Related Agencies

The Administration's FY2009 budget request for the Department of State is \$11.456 billion, representing a 5.6% increase over the FY2008 estimate, including rescissions and supplementals. For international broadcasting, the FY2009 request of \$699.5 million represents a 2.6% increase over the FY2008 estimate, including rescissions and supplementals. Related agencies, which are funded in the State and Foreign Operations Appropriations bill, include the Broadcasting Board of Governors (BBG), and U.S. assessed contributions to United Nations (U.N.), International Organizations, and U.N. Peacekeeping. Also included are funding for the Asia Foundation, the National Endowment for Democracy, and several other small educational and exchange organizations, as well as resources for international commissions, and the U.S. Institute of Peace. **Table 3** and **Figure 3** show appropriations for the last decade in both current and constant dollars.

**Table 3. State Department and Related Agencies
Appropriations, FY1999-FY2009**

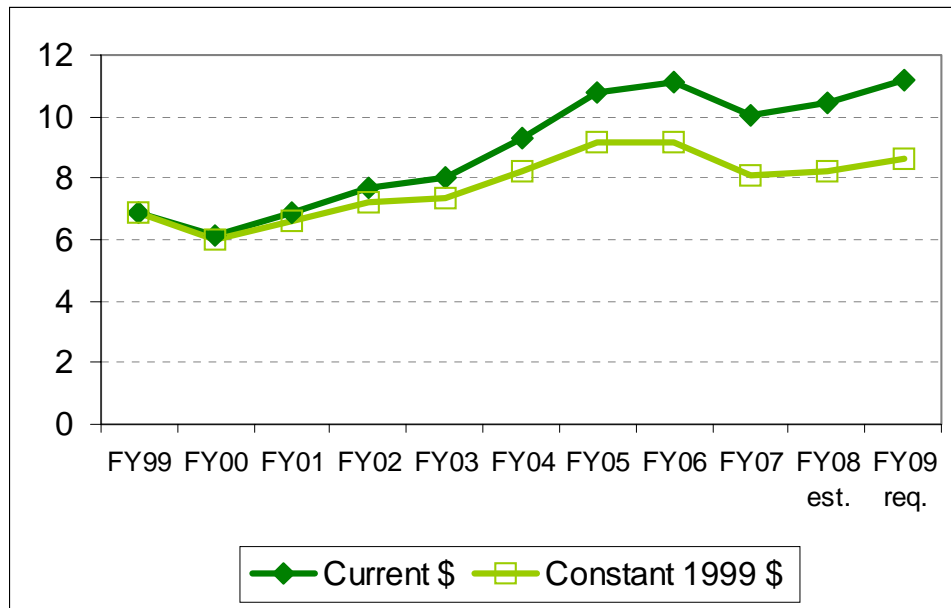
(discretionary budget authority in billions of current and 1999 constant dollars)

	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08 est.	FY09 req.
Current \$	6.91	6.16	6.91	7.71	8.05	9.29	10.78	11.12	10.02	10.47	11.22
Constant 1999 \$	6.91	6.00	6.58	7.21	7.33	8.22	9.20	9.18	8.10	8.24	8.63

Source: The Department of State Congressional Budget Justifications, FY2001 - FY2009 and CRS calculations.

Notes: Amounts do not include mandatory Foreign Service retirement accounts that total \$123 million in FY2009. All figures include regular and supplemental appropriations. Figures for FY2009 are requested amounts. Figures for FY2008 are State Department estimates.

Figure 3. State Department and Related Agencies Appropriations, FY1999-FY2009 (\$ Billions)



Source: The Department of State Congressional Budget Justifications, FY2001 - FY2009 and CRS calculations.

Civilian Stabilization Initiative

More than a year ago, in the President's January 2007 State of the Union Address, he mentioned the idea of establishing a civilian reserve corps (CRC) to be available for work in countries experiencing conflict or post-conflict crises. In subsequent testimony before the House Foreign Affairs Committee, Secretary Rice stated that the Department did not have the personnel or the skill sets required to implement the CRC at that time, but perhaps the Defense Department could help in the short run.³ In the FY2007 supplemental (P.L. 110-28), Congress provided \$50 million for establishing the CRC, but included language requiring authorization to spend the money. The authorization for CRC, not yet passed by Congress, is in S. 613/H.R. 1084. This year the Administration is requesting \$248.6 million for the Civilian Stabilization Initiative, including CRC, in FY2009.

DOD's expanding role in traditional civilian overseas activities over the years has led some observers to comment that DOD is not ideally suited, by expertise or training, to perform some of these missions. For example, some observers claim that police training missions are best performed by civilian law enforcement personnel. Others suggest that local-level economic reconstruction initiatives may be more effective when integrated into a broader economic reconstruction and development strategy, guided by civilian experts. Some nongovernmental organizations (NGOs),

³ FY2008 budget Testimony by Secretary of State Rice before the House Foreign Affairs Committee, February 7, 2007.

in turn, have expressed concerns that working closely with the military could affect how the NGOs are perceived by host populations.

For almost two decades, some analysts have judged that the United States needs a broader array of civilian personnel, readily available and trained to work with the military, to deal with the many needs of states emerging from conflict, as well as to prevent conflict. Without such civilian personnel, observers maintain that tasks such as civil administration, policing, political institution building, humanitarian relief, and early reconstruction or construction of physical infrastructure have fallen by default to *ad hoc* arrangements and to military forces, which as a whole are neither structured nor trained for them. The Bush Administration has moved incrementally to develop a small operational civilian capability that, as stated in the February 2008 announcement of a Civilian Stabilization Initiative (CSI), would serve as “a counterpart to the U.S. military, ready and capable to stabilize countries in the transition from war to peace.”⁴

In mid-2004, the Bush Administration established the State Department Office of the Coordinator for Reconstruction and Stabilization (S/CRS) as the first step in operationalizing the State Department and other civilian agencies to undertake reconstruction and stabilization missions, either alone or with the military. Congress endorsed the creation of S/CRS in 2004 (Consolidated Appropriations Act for FY2005, H.R. 4818, P.L. 108-447, signed into law December 8, 2004. Section 408, Division D) and defined its responsibilities. Since then, S/CRS has worked to establish the basic concepts, mechanisms, and capabilities necessary to carry out reconstruction and stabilization missions. Among its principal tasks has been the development of the CRC to undertake reconstruction and stabilization missions.

Senators Lugar and Biden have introduced legislation repeatedly since 2004 to support the creation of civilian capabilities and fund their activities, including a permanent authorization for S/CRS, the authorization and funding of a readiness response corps, and the establishment of a conflict response fund. The latest version of this bill is S. 613, the Reconstruction and Stabilization Civilian Management Act of 2007, reported by the Senate Foreign Relations Committee on April 10, 2007 (S. Report 110-50). On February 27, 2008, the House Foreign Affairs Committee approved a similar bill, H.R. 1084. Both bills include the authorization for CRC required by Congress before the Administration can spend the \$50 million appropriated in the FY2007 supplemental appropriations bill.

With its FY2009 budget request of \$248.6 million for CSI, the Bush Administration presented its plans for a 4,250 - person Civilian Response Corps, to be developed over the next few years. The Corps would consist of a 250-member interagency Active Response Corps (ARC) of government personnel who could deploy immediately to a crisis, and a 2,000 - member Standby Response Corps (SRC) of government personnel who could respond next. Those personnel would come from all 15 U.S. government civilian agencies. The third component would be a 2,000-member CRC of citizens who could provide the expertise needed for policing,

⁴ *The Budget in Brief FY2009*, United States Department of State, p. 63.

rule of law, public administration, and infrastructure assistance. The Administration requested \$248.6 million for FY2009 to organize, train, equip, and deploy CSI.

State Department — Administration of Foreign Affairs

The State Department's mission is to advance and protect the worldwide interests of the United States and its citizens through the staffing of overseas missions, the conduct of U.S. foreign policy, the issuance of passports and visas, and other responsibilities. Currently, the State Department coordinates with the activities of more than 40 U.S. government agencies in 268 posts in over 180 countries around the world. The State Department employs approximately 30,000 people, about 60% of whom work abroad. The Administration of Foreign Affairs includes funds for salaries and expenses, educational and cultural exchanges, and embassy construction and security. For FY2009, the Administration is seeking \$8.217 billion, an increase of more than \$690.7 million (a 9.2% increase) over the FY2008 estimate. Highlights follow.

Diplomatic and Consular Programs (D&CP). The D&CP account funds overseas operations (e.g., motor vehicles, local guards, telecommunications, medical), activities associated with conducting foreign policy, passport and visa applications, regional bureaus, under secretaries, and post assignment travel. Beginning in FY2000, the State Department's Diplomatic and Consular Program account included State's salaries and expenses, as well as the technology and information functions of the former U.S. Information Agency (USIA) and the functions of the former Arms Control and Disarmament Agency (ACDA).

For D&CP's FY2009 budget, the Administration is requesting \$5,364.3 million, \$37.6 million more than the estimated FY2008 level of \$5,326.7 million, including rescissions and supplementals. Within the FY2009 request, \$1,162.8 million is designated for worldwide security upgrades (for increased security personnel, maintenance, and ongoing salaries). This represents a 20% increase over the FY2008 estimated level of \$968.5 million.

Embassy Security, Construction and Maintenance (ESCM). This account supports the maintenance, rehabilitation, and replacement of facilities to provide appropriate, safe, secure and functional facilities for U.S. diplomatic missions abroad. Early in 1998, Congress had enacted \$403.6 million for this account for FY1999. However, following the embassy bombings in Africa in August 1998, Congress agreed to more than \$1 billion (including a supplemental appropriation of about \$627 million) for the Security and Maintenance account by establishing a new subaccount referred to as Worldwide Security Upgrades. This subaccount funds the bricks and mortar type of security needs overseas.

For FY2009, the Administration seeks \$841.3 million for regular ESCM and \$948.4 million for worldwide security upgrades, for a total account level of \$1,789.7 million, a 25.5% increase over the FY2008 estimated level, including rescissions.

Educational and Cultural Exchanges. This account funds programs authorized by the Mutual Educational and Cultural Exchange Act of 1961, such as the Fulbright Academic Exchange Program, as well as leadership programs for

foreign leaders and professionals. Government exchange programs came under close scrutiny in past years for being excessive in number and duplicative. After the September 11th attacks, the Department of State began to emphasize public diplomacy activities in Arab and Muslim populations. The Bush Administration is requesting \$522.4 million for exchanges in FY2009. This represents a 4.2% increase over the FY2008 estimate.

Within the D&CP account, Congress, in the FY2008 consolidated appropriation, designated \$360.9 million for public diplomacy. The Administration is requesting \$394.8 million for this subaccount for FY2009.

The Capital Investment Fund (CIF). CIF was established by the Foreign Relations Authorization Act of FY1994/95 (P.L. 103-236) to provide for purchasing information technology and capital equipment that would ensure the efficient management, coordination, operation, and utilization of State's resources.

The FY2009 budget request includes \$71.0 million for CIF, which is 19.1% higher than the FY2008 estimate of \$59.6 million, after rescissions.

International Organizations and Conferences

In recent years, U.S. contributions to the United Nations and its affiliated agencies (Contributions to International Organizations — CIO) and peacekeeping activities (Contributions to International Peacekeeping Account — CIPA) have been affected by a number of issues. These have included the withholding of funds related to international family planning policies; issues related to implementation of the Iraq Oil for Food Program, and the findings and recommendations of the Volcker Committee Inquiry into that program; alleged and actual findings of sexual exploitation and abuse by personnel in U.N. peacekeeping operations in the field and other misconduct by U.N. officials at U.N. headquarters in New York and at other U.N. headquarters venues; and efforts to develop, agree to, and bring about meaningful and comprehensive reform of the United Nations organization, in most of its aspects.

Since 2004, congressional attention has often been directed to ways to ensure comprehensive U.N. reform, through legislative proposals fashioned after extensive hearings. Current legislative issues include followup and oversight of reforms initiated by the United Nations membership in September 2005 and throughout its fall General Assembly session and the possibility of increasing the 25% statutory cap on U.S. contributions to U.N. peacekeeping assessments to 27.1%.⁵

Contributions to International Organizations (CIO). CIO provides funds for U.S. membership in numerous international organizations and for multilateral foreign policy activities that transcend bilateral issues, such as human rights. Maintaining a membership in international organizations, the Administration argues, benefits the United States by advancing U.S. interests and principles while

⁵ For more information, see CRS Report RL33611 *United Nations System Funding: Congressional Issues*, by Marjorie Ann Browne and Kennon Nakamura.

sharing the costs with other countries. Payments to the United Nations and its affiliated agencies, the Inter-American Organization, as well as other regional and international organizations, are included in this account.

The President's FY2009 request totals \$1,529.4 million for this account, representing a 13.8% increase over the estimated FY2008 level of \$1,343.4 million, after rescissions.

Contributions to International Peacekeeping Activities (CIPA). The United States supports multilateral peacekeeping efforts around the world through payment of its share of the U.N. assessed peacekeeping budget. The President's FY2009 request totals \$1,497.0 million. This represents an 11.4% decline from the FY2008 estimated level of \$1,690.5 million, including supplementals and rescissions. This account received \$468.0 million in the FY2008 emergency supplemental, \$390.0 million of which was designated for the U.N. mission in Darfur.

International Commissions

The International Commissions account (in the State Department budget, but not in the 150 account) includes the U.S.-Mexico Boundary and Water Commission, the International Fisheries Commission, the International Boundary Commission, the International Joint Commission, and the Border Environment Cooperation Commission. The FY2009 request of \$110.0 million represents a 29.1% decrease over the FY2008 estimate of \$155.1 million.

Related State Department Appropriations

The Asia Foundation. The Asia Foundation is a private, nonprofit organization that supports efforts to strengthen democratic processes and institutions in Asia, open markets, and improve U.S.-Asian cooperation. The Foundation receives both government and private sector contributions. Government funds for the Asia Foundation are appropriated to, and pass through, the State Department. The Administration request for FY2009 is \$10 million, the same as requested a year earlier, but 35.1% below the estimated FY2008 appropriated level of \$15.4 million (with rescissions).

The International Center for Middle Eastern-Western Dialogue Trust Fund. Through funded research, collaborative studies, training, conferences, and policy discussions, the Center, a U.S. NGO, seeks to encourage mutual understanding among people who share a Western European tradition, and the peoples of Southeast Europe, the Near and Middle East, and Central Asia, who share cultural and religious traditions of those areas of the world. Conferees added language in the FY2004 conference agreement for the Consolidated Appropriations Act, FY2004, to establish a permanent trust fund for the International Center for Middle Eastern-Western Dialogue. The act (P.L. 108-199) authorized \$6.9 million for perpetual operation of the Center, which is to be located in Istanbul, Turkey. From FY2004 to FY2006, appropriations provided \$18.75 million as seed money. The Center's funds each year are the total amount of interest and earnings from the Trust. The Administration requested spending \$875,000 of interest and earnings from the Trust Fund for

program funding in FY2009. For FY2008, the Administration requested appropriation authority to spend \$875,000 of interest and earnings from the Trust Fund to be used for programming activities and conferences at the Center, but got \$868,000 after rescissions. The FY2009 request is for \$875,000.

National Endowment for Democracy (NED). The National Endowment for Democracy, a private nonprofit organization established during the Reagan Administration, supports programs to strengthen democratic institutions in more than 90 countries around the world. NED proponents assert that many of its accomplishments are possible because it is not a government agency. NED's critics claim that it duplicates U.S. government democracy programs and either could be eliminated or could operate entirely with private funding.

The Administration's FY2009 budget request of \$80 million for NED is the same as its FY2005, FY2006, FY2007 and FY2008 requests. The FY2009 NED request, located within the State Department portion of the international affairs budget request, represents an 19.4% decrease from the enacted \$99.2 million (after rescissions) for FY2008. The 109th Congress created a Democracy Fund in the FY2006 Foreign Operations Appropriations (P.L. 109-102) where Congress locates the NED appropriation.

East-West Center. The Center for Cultural and Technical Interchange between East and West (East-West Center), located in Honolulu, Hawaii, was established in 1960 by Congress to promote understanding and cooperation among the governments and peoples of the Asia/Pacific region and the United States. The Administration's FY2009 request is for \$10 million for the East-West Center, a decrease of 48.2% from the FY2008 funding estimate of \$19.3 million (including rescissions). The FY2007 actual funding level is \$19 million.

At one time, Congress also appropriated funds for the North-South Center. The Center for Cultural and Technical Interchange between North and South (North-South Center) is a national educational institution in Miami, Florida, closely affiliated with the University of Miami. It was established to promote better relations, commerce, and understanding among the nations of North America, South America and the Caribbean. The North-South Center began receiving a direct subsidy from the federal government in 1991. Congress has not funded the North-South Center since FY2001, noting that it should be funded by the private sector.

U.S. Institute of Peace

The U.S. Institute of Peace (USIP) was established in 1984 by the U.S. Institute of Peace Act, (Title XVII of the Defense Authorization Act of 1985 P.L. 98-525). USIP's mission is to promote international peace through activities such as educational programs, conferences and workshops, professional training, applied research, and dialogue facilitation in the United States and abroad. Prior to the FY2005 budget, USIP funding came from the Labor, HHS, Education and Related Agencies appropriation. In the FY2005 budget process, it was transferred to the Commerce, Justice, State and related agencies appropriation primarily for relevancy reasons.

For FY2009, the Administration is requesting \$33 million, up \$8.2 million (33%) from the FY2008 estimated level of \$24.79 million, after rescissions.

Broadcasting Board of Governors

The United States International Broadcasting Act of 1994⁶ reorganized within USIA all U.S. government international broadcasting, including Voice of America (VOA) radio and television, Broadcasting to Cuba, Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), and the Middle East Broadcasting Network. The 1994 act established the Broadcasting Board of Governors (BBG) to oversee all U.S. government broadcasting; abolished the Board for International Broadcasting (BIB), the administering body of RFE/RL; and recommended that RFE/RL be privatized by December 31, 1999. This recommendation was repealed in 1999 by P.L. 106-113.

In 1999 the functions and staff of the United States Information Agency (USIA) and the Arms Control and Disarmament Agency (ACDA) were incorporated into the Department of State. Congress, however, also left the U.S. civilian international broadcasting function outside of State and kept the function under an independent agency, the Broadcasting Board of Governors (BBG) to maintain broadcasting's independence and integrity.⁷ The BBG funds the VOA radio and television, Broadcasting to Cuba, RFE/RL, RFA, and the Middle East Broadcasting Networks (including Alhurra, Alhurra-Iraq, Alhurra-Europe, and Radio Sawa). BBG programming is broadcast to the world through radio, television, the Internet, and other media in 60 languages.

The Administration's FY2009 funding request for the BBG is \$699.5 million or \$17.5 million above the FY2008 appropriated figure of \$682.0, a 3 percent increase. The BBG budget is composed of three elements: the International Broadcasting Operations, Broadcasting to Cuba, and Broadcasting Capital Improvements.

The FY2009 request for the International Broadcasting Operations portion, the largest of the three parts of the BBG budget, is \$653.8 million. This is \$17.5 million below the FY2008 estimated funding of \$671.3 million or a reduction of about 3 percent. Even with reduced funding, the Administration proposes to enhance VOA

⁶ Title III of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995; P.L. 103-236.

⁷ The Statement of Managers in Conference Report 105-825, which accompanied H.R. 4328, *Making Omnibus Consolidated and Emergency Supplemental Appropriations for Fiscal Year 1999*, contained two paragraphs discussing Congressional intent regarding all of Division G, the *Foreign Affairs Reform and Restructuring Act of 1998*. Earlier on April 28, 1998, the Congress cleared for the White House, H.R. 1757, the *Foreign Affairs Reform and Restructuring Act of 1998*. On October 21, 1998, the President signed H.R. 4328, and vetoed H.R. 1757. Both bills pertained to the abolition of the same foreign affairs agencies, and the transfer of the agency's functions, personnel and appropriations to the Department of State. The Conference Report, 105-432, which accompanied the bill, H.R. 1757, contains a more detailed discussion than Report 105-825, of the intentions of Congress regarding the relationship between U.S.-supported international broadcasting activities and the Department of State. See Conference Report 105-432, pp. 125-130.

broadcasts to Somalia and the Horn of Africa, and start a new RFE/RL surrogate Azerbaijani broadcast to Iran. The Administration also seeks to strengthen VOA, RFE/RL, and RFA Internet capability, and improve Alhurra's television production capability. These new initiatives total \$8.5 million. In the other portions of the BBG, the Administration's FY2009 request is \$34.4 million for Cuba Broadcasting and \$11.3 million for Broadcasting Capital Improvements, an increase above FY2008 of \$635,000.

While realizing the importance and necessity of voice broadcasting especially in some areas of the world, the BBG notes that one of its highest priorities is to strengthen its capabilities in television and the Internet to accommodate the changing nature of communications in the world.⁸ It proposes reallocating language service radio staff to Web positions and shifting radio transmission funding to the Internet programs and television broadcasting.⁹ In order to fund these new initiatives with a reduced resource-request, the Administration proposes to eliminate RFE/RL's South Slavic (Serbian, Bosnian, and Macedonian) and Albanian language programming, and reduce funding in several other areas.¹⁰ The FY2009 request would discontinue a number of services, including broadcasting in Cantonese and reducing broadcasts in Ukrainian, Tibetan, Portuguese to Africa, Romanian, and Kazakh, as well as broadcasts in Hindi, Russian, English, Croatian, Greek, and Thai. A similar effort to reduce or eliminate services in FY2008 was stopped by the infusion of \$12 million in emergency supplemental funding.

FY2009 Budget Request: Foreign Operations

The Foreign Operations budget comprises the majority of U.S. foreign assistance programs, both bilateral and multilateral. (See tables at the back of this report for Foreign Operations accounts and funding levels.) The annual Foreign Operations Appropriations bill funds all U.S. bilateral development assistance programs, managed mostly by USAID and the State Department, together with several smaller independent foreign aid agencies such as the Millennium Challenge Corporation, the Peace Corps, and the Inter-American and African Development Foundations. It supports U.S. obligations to major multilateral financial institutions, such as the World Bank, and United Nations activities, such as UNICEF. The Foreign Operations appropriation also includes funds for the Export-Import Bank, whose activities are regarded more as trade promotion than foreign aid. On occasion, the bill replenishes U.S. financial commitments to international financial institutions, such as the World Bank and the International Monetary Fund. International food aid, such as the P.L. 480 Food for Peace program, however, is funded in the Agriculture Appropriations bill, although it is also considered foreign aid. The FY2009 request for food aid programs totals \$1.326 billion.

⁸ Broadcasting Board of Governors, "Internet Programing," *Fiscal Year 20009 Budget Request*, Washington, D.C. p. 1.

⁹ Ibid.

¹⁰ Broadcasting Board of Governors, "Executive Summary," *Fiscal Year 20009 Budget Request*, Washington, D.C. p. 4.

The regular foreign operations budget request for FY2009 totals \$26.1 billion¹¹ in foreign assistance programs, representing a 8.8% increase from the previous year's enacted level of \$24.0 billion. This increase is larger than the overall FY2009 budget increase of 4.9%, and continues the general trend of foreign aid increases since September 11, 2001. **Table 4** and **Figure 4** provide funding levels, including supplementals and rescissions, for foreign operations since FY1999 in both current and constant dollars. Since 1999, foreign aid funding increased by nearly 70% in current dollars, but by 30% in constant dollars.

Table 4. Foreign Operations Appropriations, FY1999-FY2009
(discretionary budget authority in billions of current and constant dollars)

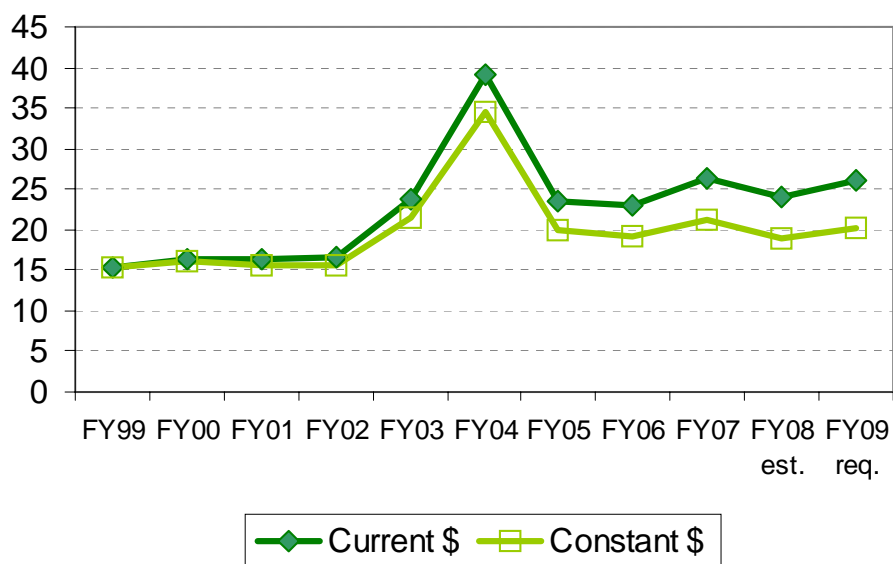
	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08 est.	FY09 req.
Current \$	15.44	16.41	16.31	16.54	23.67	39.05	23.45	23.13	26.38	24.00	26.14
Constant 1999 \$	15.44	16.00	15.54	15.47	21.56	34.56	20.02	19.10	21.32	18.88	20.10

Source: The Foreign Operations Congressional Budget Justifications, FY2001 - FY2009 and CRS calculations.

Notes: Figures for FY2009 are requested amounts. Amounts do not include mandatory Foreign Service retirement accounts that total \$34.6 million in FY2009. Figures for FY2008 are Administration estimates. Current dollars for FY2004 include \$18.4 billion for Iraq Relief and Reconstruction Fund (IRRF). Without IRRF, the current dollars for that year would have been \$20.65 billion, \$18.28 billion in constant dollars. For FY2003, IRRF amounted to \$2.5 billion, so FY2003 current dollars without IRRF would have totaled \$21.17 billion with current dollars being \$19.28 billion. FY1999 excludes \$17.61 billion for the IMF. All figures include regular and supplemental appropriations.

¹¹ This does not include the mandatory Foreign Service Retirement and Disability Account, that totals \$36 million for FY2008. The account is included in tables at the end of this report. Note that additional funds are being considered by Congress in a supplemental appropriation bill (H.R. 2642).

**Figure 4. Foreign Operations Appropriations, FY1999-FY2009
(\$ Billions)**



Top Ten U.S. Foreign Aid Recipient Countries

Prior to 9/11 and the wars in Iraq and Afghanistan, Israel and Egypt typically received the first and second largest amounts of U.S. foreign aid. In recent years, after supplementals are added, Iraq or Afghanistan have moved Egypt to third or fourth place. Except for FY2004 when funding to Iraq jumped to more than \$18 billion, Israel and Egypt typically are at the top of the list for receiving the most aid from the United States in recent years. See **Table 5** for top U.S. aid recipients from FY2008 to the FY2009 request.

Table 5. Top Ten Recipients of U.S. Foreign Aid FY2008-FY2009
(appropriation allocations; in billions of current \$)

FY2009 Request ^a	
Israel	\$2.55
Egypt	1.50
Afghanistan	1.05
Pakistan	0.83
South Africa	0.58
Kenya	0.57
Colombia	0.54
Jordan	0.53
Mexico	0.50
Nigeria	0.49

a. While Iraq is not on this list, it will likely be in the top ten if there is an FY2009 supplemental.

FY2008 Estimate ^a	
Israel	\$2.38
Afghanistan	1.89
Egypt	1.70
Iraq	0.98
Pakistan	0.80
Jordan	0.69
Kenya	0.59
South Africa	0.57
Colombia	0.54
Nigeria	0.49
Ethiopia	0.46

a. Includes FY2008 Supplemental Appropriations.

Foreign Aid Reform

Since the terrorist attacks of September 11, 2001, the role of foreign assistance as a tool of foreign policy has come into sharper focus. President George W. Bush elevated global development as a third pillar of national security, with defense and diplomacy, as articulated in the U.S. National Security Strategy of 2002, and reiterated in 2006. At the same time that foreign aid is being recognized as playing an important role in U.S. foreign policy, it has also come under closer scrutiny by Congress, largely in response to a number of presidential initiatives, and by critics who argue that the U.S. foreign aid infrastructure dates back to the Cold War era, is cumbersome and fragmented, and that a national aid strategy is lacking.

In recent years, several initiatives have heightened congressional interest in, and caused a re-examination of, U.S. foreign assistance policy and programs, including organizational structure. In January 2006, Secretary of State Rice announced an initiative to bring coordination and coherence to U.S. aid programs. The Secretary created a new State Department position — Director of Foreign Assistance (DFA) — the occupant of which serves concurrently as Administrator of the U.S. Agency for International Development. A new Bureau of Foreign Assistance (F Bureau) was created to coordinate assistance programs, led by the DFA, who in 2006, developed a Strategic Framework for Foreign Assistance to align U.S. aid programs with strategic objectives. The Framework guided the writing of the FY2008 and FY2009 budget requests.

This year a number of Members of Congress and nongovernmental organizations have indicated an interest in exploring greater reforms including the establishment of a national strategy on U.S. foreign aid policy, elevating the importance of foreign aid as a foreign policy tool to more closely align with that of diplomacy and defense, and rewriting the Foreign Assistance Act of 1961 to change the emphasis from the Cold War era to the post-9/11 era, among other things.

FY2009 Foreign Operations Budget Details

Despite a proposed 8.8% increase in the Bush Administration's FY2009 regular foreign aid budget request, most of the additional funds are concentrated in a few areas. The FY2009 budget continues to focus on the war on terrorism and reconstruction in Afghanistan and Iraq, as well as assistance to front-line states. Other areas that would see significant increases include two of the President's cornerstone initiatives — the Millennium Challenge Corporation (up 44%) and the President's Malaria Initiative (up 9.3%). The President's Emergency Plan for AIDS Relief (PEPFAR), which in the past also addressed treatment and prevention of malaria, increased by .5%. Africa and the Near East continue to see higher levels of assistance than other regions, but for Africa, most of the funds are concentrated in HIV/AIDS programs, with other types of assistance, such as basic education, decreasing. For the Near East, the aid increases are primarily for Iraq reconstruction. (See Appendix D for account-by-account funding levels for FY2007, FY2008 estimates, and the FY2009 request.)

Major Changes. The Bush Administration's FY2009 foreign aid request would increase the Millennium Challenge Corporation by 44%, the International Narcotics Control and Law Enforcement by 116%, the Andean Counterdrug Program by 27%, and Debt Restructuring by 368%. Smaller increases in the budget request include the Child Survival and Health Programs (CSH) up 16%, the Economic Support Fund (ESF) up 5.5%, Peace Corps up 3.8%, the Global HIV/AIDS Initiative (GHAI) up 2.5%, and Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) up 3.3%.

The Administration's FY2009 foreign aid budget request would reduce some programs from the FY2008 level, including International Disaster Assistance (IDA), down 30.6%, Migration and Refugee Assistance (MRA), down 25.3%, and Peacekeeping Operations (PKO), down 5.4%. The Administration has requested FY2009 supplemental funds which include additional funding for IDA, MRA, and PKO, however.

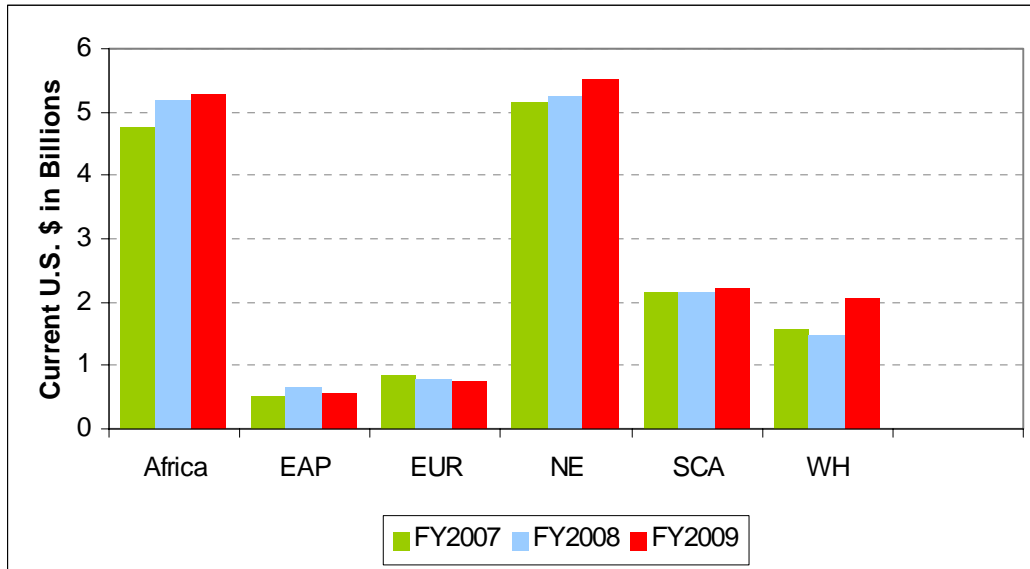
Regional Distribution. Comparing the FY2009 request to the FY2008 funding estimates, **Figure 5** shows that U.S. foreign assistance would increase to all regions except East Asia and Pacific (EAP), which would decline by 18.7% and Europe (EUR), which would decline by 6.4%. The EAP decline is due in part to accounting — the Administration moved some funds to the Department of State budget and others to USAID's global programs. The decline in aid to Europe reflects the graduation from development assistance of 11 countries in the region and the critical need for aid elsewhere in the world.

The Western Hemisphere (WH) region would receive more U.S. aid in the FY2009 request than any other region — up by 39.7% over the FY2008 estimates. The increase is largely due to the Mérida Initiative which, for Mexico, includes \$477.8 million in the FY2009 request, up from \$26.6 million the year before. Without Mérida, the funding level would be similar to that of the previous year.

Africa would benefit from a 2% increase in FY2009, with no increase over the FY2008 level in Global HIV/AIDS (GHAI) funds. (In FY2008, GHAI funds to

Africa increased by 39%, with other programs reduced.) South and Central Asia would see a increase of nearly 3.3% in FY2009, largely due to increased ESF assistance to Pakistan. The Near East would receive a 5.1% increase, mainly due to Iraq assistance.

Figure 5. Regional Distribution of Foreign Aid



Source: Foreign Operations Congressional Budget Justification, FY2009.

Note: EAP=East Asia and Pacific; EUR=Europe and Eurasia; NE=Near East; SCA=South and Central Asia; LAC=Latin American and Caribbean=Western Hemisphere.

Sector Distribution. Over the years, Congress has expressed interest in various aid sectors, such as education, democracy, human rights, trade, maternal and child health, family planning and reproductive health, agriculture and environment. **Table 6** provides FY2008 funding estimates and the FY2009 budget request for many of these sectors. Some sectors are cut significantly by the FY2009 request, as listed below, while others receive sizeable increases. Increases in counter narcotics programs in the regular budget request are up 54.3%, for example. Establishment of the Mérida Initiative, a program that supports Mexico and Central America in combating drug activity throughout the region, is the primary reason for the large increase in the counter narcotics sector. In addition to the FY2009 request for Merida funds, the FY2008 supplemental request includes \$500 million for Mexico and \$50 million for Central America for the Mérida Initiative.

Another key country receiving increased counter-narcotics support is Pakistan, under the President's commitment to support the Federally Administered Tribal Areas.¹² The FY2009 budget reflects decreases in global health-related programs, including a decline in funding for tuberculosis, maternal and child health, family

¹² Foreign Operations Congressional Budget Justification for FY2009, Department of State, p. 791.

planning and reproductive health, and water supply and sanitation.¹³ The FY2009 request also decreases funding levels for education and civil society.

Table 6. Selected Sector Funding, FY2008 Estimate and FY2009 Request

(millions of current U.S. dollars)

Sector	FY2008 Estimate	FY2009 Request	% Change
Good Governance	371.3	533.3	43.6%
Rule of law and Human Rights	396.1	475.2	20.0%
Health	7,168.1	6,837.9	-4.6%
Counter-narcotics	897.7	1,385.4	54.3%
Education	850.5	757.9	-10.9%
Trade and Investment	177.2	237.5	34.0%
Agriculture	413.3	522.5	26.4%
Environment	329.4	333.2	1.2%
Counter-terrorism	170.5	191.1	12.1%
Civil Society	436.1	398.0	-8.7%

Source: U.S. Department of State Foreign Operations Congressional Budget Justification, FY2009, p. 783, and CRS calculations.

Mérida Initiative. In October 2007, the United States and Mexico announced the Mérida Initiative, a multi-year proposal for \$1.4 billion in U.S. assistance to Mexico and Central America aimed at combating drug trafficking, gangs, and organized crime. The first year of funding for this initiative — \$500 million for Mexico and \$50 million for Central American countries — is included in the Administration's FY2008 supplemental appropriation request. In latest legislative actions, on June 19 & 26, 2008, the House and Senate approved compromise language on the FY2008 supplemental, H.R. 2642, that would provide \$465 million in FY2008 supplemental and FY2009 supplemental assistance for the Mérida Initiative, with softened human rights conditions compared to earlier House and Senate versions. For Mexico, \$400 million would be provided, with \$352 million in FY2008 supplemental assistance (within the INCLE, FMF, and ESF accounts) and \$48 million in FY2009 supplemental assistance (within the INCLE account). For Central America, \$65 million would be provided for Central America, Haiti, and the Dominican Republic (within the INCLE, NADR, ESF, and FMF accounts), with

¹³ Ibid., pp. 815, 818, 820, and 822.

Haiti and the Dominican Republic receiving \$2.5 million each in FY2008 INCLE funding and none for FY2009.

The FY2009 budget request also includes another \$550 million — \$450 million for Mexico and \$100 million for Central American countries — within the INCLE account.¹⁴

HIV/AIDS. In launching in 2003 the President's Emergency Plan for AIDS Relief (PEPFAR), President Bush pledged to provide this five-year initiative with a total of \$15 billion by FY2008. Congress appropriated an estimated \$5.97 billion in FY2008 which met total pledged funding over the five year period. On May 30, 2007, President Bush announced a follow-on plan to provide a total of \$30 billion through FY2013. The FY2009 request of \$6.0 billion begins the new five-year \$30 billion program. Of the \$6.0 billion requested, \$4.8 billion is within the Department of State budget and \$439.1 million is within USAID's budget. The remaining funds are within the Department of Health and Human Services.¹⁵

Malaria. The President's Malaria Initiative was announced in 2006 to provide an increased focus on malaria, pledging that the United States would spend an additional \$1.2 billion over a five-year period (FY2006-FY2010). Congress appropriated \$122 million in FY2006 and \$248 million in FY2007. The President's request for FY2008 is \$388 million, keeping the pledge on target. Including supplementals and rescissions, Congress provided \$352 million for PMI in FY2008. The FY2009 request is \$385 million, within the Child Survival and Health Programs account.

MCC. In announcing the creation of the new independent Millennium Challenge Corporation (MCC), the President pledged \$5 billion annual funding by FY2006. In fact, requests have never topped \$3 billion a year. Congress has consistently cut the MCC request with some Members expressing concern that the program was slow to get started, and has not disbursed much of its existing funding. In the FY2008 Consolidated Appropriations Act (P.L. 110-161, H.R. 2764), Congress provided \$1.544 billion, almost half of the Administration's request. The FY2009 MCC budget request is for \$2.225 billion, reflecting a 44% increase over the FY2008 level.¹⁶

Use of Supplementals. Supplemental resources for Foreign Operations programs, which in FY2004 exceeded regular Foreign Operations funding, have become a significant source of funds for U.S. international activities, especially those

¹⁴ For more detail on this issue, see CRS Report RS22837, *Merida Initiative: Proposed U.S. Anticrime and Counterdrug Assistance for Mexico and Central America*, by Colleen W. Cook, Rebecca G. Rush, and Clare Ribando Seelke, updated regularly.

¹⁵ For more information see CRS Report RL33396, *The Global Fund to Fight AIDS, Tuberculosis, and Malaria: Progress Report and Issues for Congress*, by Tiaji Salaam-Blyther, updated regularly.

¹⁶ For more information on MCC, see CRS Report RL32427, *Millennium Challenge Account*, by Curt Tarnoff, updated regularly.

related to reconstruction efforts in Iraq and Afghanistan. Supplemental appropriations bills have often been used as vehicles to provide additional funding to respond to unanticipated emergencies or natural disasters.

There has been some criticism that the Administration has relied too heavily on supplementals, keeping funds off budget and difficult for year-to-year comparisons or future-year planning. Some supplemental appropriations, particularly those relating to Iraq, should be incorporated into the regular appropriations cycle if they are going to be on an annual basis, according to critics. The Administration counters that given the nature of rapidly changing overseas events and unforeseen emergencies, it is necessary to make supplemental requests for unexpected and non-recurring expenses.

Iraq and Afghanistan Share of Total Aid Budget. Including both base budgets and supplemental appropriations, the share of U.S. bilateral foreign assistance going to Iraq and Afghanistan has increased sharply since FY2002. Foreign aid to Afghanistan mushroomed from \$590 million in FY2003 to \$1.799 billion the next year. For Iraq, assistance consisted of small sums to support Iraqi opposition groups in the early 2000s, but picked up precipitously in FY2004 to more than \$17 billion, and then fell to \$1.6 billion in FY2006 and roughly \$2.2 billion in FY2007. **Table 7** tracks funding to both countries from FY2002 through the FY2009 and includes both regular budgets and supplemental funds. Amounts for FY2009 represent requested amounts.

FY2007 regular and supplemental funding for Iraq and Afghanistan together comprises about 16% of total foreign aid spending. The share of the FY2008 budget is just under 13%. The FY2009 aid requested for Iraq and Afghanistan, before supplementals, is 5.3%.

Table 7. Funding for Iraq and Afghanistan, FY2002-FY2009
(millions of current U.S. dollars)

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Iraq	25.0	2,890.0	17,849.5	27.7	1,657.7	2,159.9	260.5	397.0
Afghan.	686.1	589.6	1,798.7	2,674.1	967.8	1,827.8	1,896.9	1,054.0

Source: U.S. Department of State, Foreign Operations Congressional Budget Justifications, FY2004 through FY2008, and CRS calculations. Figures here do not include Department of Defense funds. For more information, see CRS Report RL31833 *Iraq: Reconstruction Assistance*, by Curt Tarnoff, and CRS Report RL30588 *Afghanistan: Post-War Governance, Security, and U.S. Policy*, by Kenneth Katzman.

Note: Figures for FY2009 are requested levels.

Appendix A. Acronyms

Funding Accounts:

ACI	Andean Counterdrug Initiative
CSH	Child Survival and Health
DA	Development Assistance
DF	Democracy Fund
ERMA	Emergency Refugee and Migration Assistance
ESF	Economic Support Fund
FMF	Foreign Military Financing
FSA	Freedom Support Act — Assistance to the Independent States of the Former Soviet Union
GHAJ	Global HIV/AIDS Initiative
IDFA	International Disaster and Famine Assistance
IMET	International Military Education and Training
INCLE	International Narcotics Control and Law Enforcement
MCC	Millennium Challenge Corporation
MRA	Migration and Refugee Assistance
NADR	Non-proliferation, Anti-Terrorism, Demining, and Related Programs
PEPFAR	President's Emergency Plan For AIDS Relief
PKO	Peacekeeping Operations
PL 480	Food aid
PMI	President's Malaria Initiative
SEED	Support for Eastern European Democracy Act — Assistance for Eastern Europe and the Baltic States
TI	Transition Initiatives

Other:

DFA	Director of Foreign Assistance
AFR	Africa
EAP	East Asia and Pacific
EUR	Europe and Eurasia
LAC	Latin America and Caribbean
NE	Near East
SCA	South and Central Asia
USAID	U.S. Agency for International Development

Appendix B. Foreign Aid Country Categories

Rebuilding: Countries in or emerging from internal or external conflict.

Afghanistan	Lebanon
Colombia	Liberia
Cote d'Ivoire	Nepal
Democratic Republic of the Congo	Sierra Leone
Haiti	Somalia
Iraq	Sudan
Kosovo	

Transforming: Low or lower-middle income, meeting performance criteria.

Benin	Mali
Bolivia	Mongolia
Brazil	Mozambique
Bulgaria	Namibia
East Timor	Nicaragua
El Salvador	Philippines
Gambia	Samoa
Ghana	Sri Lanka
Honduras	Tanzania
India	Thailand
Lesotho	Uruguay
Madagascar	Vanuatu

Sustaining Partnership: Upper-middle income; aid sustains partnerships.

Argentina	Marshall Islands
Bahamas	Mauritius
Bahrain	Mexico
Belize	Oman
Botswana	Panama
Chile	Poland
Costa Rica	Portugal
Croatia	Qatar
Cyprus	Russia
Czech Republic	Saudi Arabia
Eastern Caribbean	Seychelles
Equatorial Guinea	Singapore
Estonia	Slovakia
Gabon	Slovenia
Greece	South Africa
Hungary	Taiwan
Ireland	Trinidad & Tobago
Israel	Turkey
Kuwait	United Arab Emirates
Latvia	

Developing: Low or lower-middle income, not yet meeting performance criteria.

Albania	Laos
Algeria	Macedonia
Angola	Malawi
Armenia	Maldives
Azerbaijan	Mauritania
Bangladesh	Moldova
Bosnia and Herzegovina	Montenegro
Burkina Faso	Morocco
Burundi	Niger
Cambodia	Nigeria
Cameroon	Pakistan
Cape Verde	Papua New Guinea
Central African Republic	Paraguay
Chad	Peru
Comoros	Republic of the Congo
Djibouti	Romania
Dominican Republic	Senegal
Ecuador	Serbia
Egypt	Solomon Islands
Ethiopia	Suriname
Fiji	Swaziland
Georgia	Tajikistan
Guatemala	Togo
Guinea	Tonga
Guinea-Bissau	Tunisia
Guyana	Turkmenistan
Indonesia	Uganda
Jamaica	Ukraine
Jordan	Uzbekistan
Kazakhstan	Vietnam
Kenya	Yemen
Kyrgyz Republic	Zambia

Restrictive: Significant freedom and human rights issues; legislative and/or Secretarial-designated limitations on assistance.

The Restrictive country category includes those countries that have restrictions on the receipt of U.S. assistance either by statute or Secretarial determination. The State Department does not provide a list of restrictive countries, although the *FY2008 Foreign Operations Congressional Budget Justification* lists certain countries with no categorization: Belarus; Burma; China; Cuba; Iran; Libya; North Korea; Venezuela; West Bank and Gaza; and Zimbabwe.

Appendix C. State Department and Related Agencies Appropriations

(millions of current dollars)

	FY2007 Actual^a	FY2008 Estimate^a	FY2009 Request	FY2009 as % +/- FY2008 est.	Spring FY2008 Supp	FY2009 Request Supp	House	Senate
Title I State Department and Related Agencies								
Diplomatic & Consular Program	\$5,201.6	\$5,322.7	\$5,364.3	0.7%	1,708.0	1,064.5		
Public Diplomacy	(\$329.7)	(\$575.0)	—	—				
Worldwide Security Upgrades	(\$778.4)	(\$968.5)	(\$1,162.8)	20.0%				
Capital Investment Fund	\$58.1	\$59.6	\$71.0	19.1%				
Embassy security/constr/maintenance	\$1,490.9	\$1,425.6	\$1,789.7	25.5%	160.0			
Worldwide security upgrades	(\$898.6)	(\$670.5)	(\$948.4)	41.4%				
Civilian Stabilization Initiative	—	—	\$248.6	—				
Office of Inspector General	\$31.4	\$33.7	\$35.5	5.3%		16.8		
Ed & cultural exchange programs	\$465.7	\$501.3	\$522.4	4.2%				
Representation allowances	\$8.2	\$8.1	\$8.2	1.2%				
Protection of foreign missions & officials	\$9.3	\$22.8	\$18.0	-21.1%				
Emergency-diplomatic & consular services	\$13.4	\$8.9	\$19.0	113.5%				
Repatriation loans	\$1.3	\$1.3	\$1.4	3.7%				
Payment American Institute Taiwan	\$15.8	\$16.2	\$16.8	3.7%				
Foreign Service Retirement Fund (mandatory)	\$126.4	\$158.9	\$122.5	—				
Total, Administration of Foreign Affairs	\$7,422.1	\$7,559.1	\$8,217.4	9.2%	1,868.0	1,081.3		

	FY2007 Actual^a	FY2008 Estimate^a	FY2009 Request	FY2009 as % +/- FY2008 est.	Spring FY2008 Supp	FY2009 Request Supp	House	Senate
International Organ. & Conf.								
Contributions to international organizations	\$1,201.3	\$1,343.4	\$1,529.4	13.8%	53.0	40.0		
Contributions to international peacekeeping	\$1,418.3	\$1,690.5	\$1,497.0	11.4%	333.6			
Total International Organ. & Conf.	\$2,619.6	\$3,033.9	\$3,026.4	-0.2%	386.6	40.0		
Total International Commissions	\$67.3	\$155.1	\$110.0	-29.1%	—	—		
Related Appropriations								
Int'l Cntr for Middle East-West Dialogue-Trust	—	—	—	—				
Int'l Cntr for Middle East-West Dialogue Program	\$0.7	\$0.9	\$0.9	—				
Asia Foundation	\$13.8	\$15.4	\$10.0	-35.1%				
National Endowment for Democracy ^b	\$74.0		\$80.0	-19.4%				
East-West Center	\$19.0	\$19.3	\$10.0	-48.2%				
Eisenhower Exchange	\$0.5	\$0.5	\$0.5	—				
Israeli Arab Scholarship	\$0.4	\$0.4	\$0.4	—				
Total Related Appropriations	\$108.4	\$36.5	\$101.8	-25.0%	—	—		
Total State Department	\$10,217.4	\$10,784.6	\$11,455.6	5.6%	2,254.6	1,121.3		
International Broadcasting								
Broadcasting Operations	\$649.1	\$671.3	\$688.2	2.5%				
Capital Improvements	\$7.6	\$10.7	\$11.3	6.6%				
Broadcasting to Cuba	(\$33.6)	(\$38.7)	(\$34.4)	2.1%				

	FY2007 Actual^a	FY2008 Estimate^a	FY2009 Request	FY2009 as % +/- FY2008 est.	Spring FY2008 Supp	FY2009 Request Supp	House	Senate
Total International Broadcasting	\$656.7	\$682.0	\$699.5	2.6%	—	—		
Related Independent Agencies								
Comm for Preservation America's Heritage Abroad	\$0.5	\$0.5	\$0.6	20.0%				
Commission on International Religious Freedom	\$3.0	\$3.3	\$4.0	21.2%				
Commission on Security and Cooperation in Europe	\$2.0	\$2.4	\$2.6	8.3%				
Congress-Executive Comm. People's Rep. of China	\$6.0	\$2.0	\$2.0	—				
US-China Economic & Security Review Comm	\$3.0	\$4.0	\$4.0	—				
US Senate Interparliamentary Groups	\$0.1	\$0.1	—	—				
US Institute of Peace	\$22.1	\$24.8	\$33.0	33.1%				
Total Related Independent Agencies	\$36.7	\$37.1	\$46.2	33.1%	—	—		
TOTAL Title I State/Broadcasting/Related Agencies	\$10,910.8	\$11,503.7	\$12,201.3	6.1%	2,254.6	1,121.3		

a. FY2007 actuals and FY2008 estimates include regular and supplementals, as well as a rescission of 0.81% for FY2008.

b. The National Endowment for Democracy is in the Foreign Operations portion of the bill under the Democracy Fund.

Appendix D. Foreign Operations Appropriations

(millions of current dollars)

	FY2007 Actual^a	FY2008 estimate^a	FY2009 Request	FY2009 as % +/- FY2008	Spring FY2008 Supp	FY2009 Request Supp	House	Senate
Export-Import Bank (net)	\$38.0	(\$0.1)	(\$40.0)	150.0%				
Overseas Private Investment Corporation (net)	(\$192.0)	(\$166.6)	(\$170.0)	3.0%				
Trade & Development Agency	\$50.4	\$49.9	\$50.8	1.6%				
Subtotal, Title II Export Aid	(\$103.6)	(\$116.8)	(\$159.2)	2.4%	—	—		
Child Survival & Health (Global Health) ^b	\$1,901.4	[\$1,829.2]	\$1,577.8	15.9%				
Development Assistance	\$1,508.8	\$1,623.6	\$1,639.1	1.0%		210.0		
International Disaster & Famine Assistance	\$526.4	\$429.7	\$298.1	-30.6%		270.0		
Transition Initiatives	\$39.6	\$44.6	\$40.0	-10.3%				
Development Credit Authority	\$7.9	\$8.1	\$7.6	-6.1%				
Development Credit Authority Subsidy	[\$21.0]	[\$21.0]	[\$21.0]	—				
USAID Operating Expenses	\$635.5	\$650.7	\$767.2	17.9%	41.0	60.0		
Foreign Service Retirement and Disability			\$34.6					
USAID Capital Investment Fund	\$69.3	\$87.3	\$171.0	95.9%				
USAID Inspector General	\$39.3	\$37.7	\$40.6	7.7%				
International Fund for Ireland	\$13.4	\$14.9	—					
Economic Support Fund	\$5,117.7	\$2,975.0	\$3,153.7	5.5%	2,009.0	1,297.7		
Eastern Europe & Baltic States (SEED)	\$462.9	\$293.6	\$275.6	-6.1%				
Independent States Former Soviet Union (FSA)	\$452.0	\$396.5	\$346.1	-12.7%				

	FY2007 Actual	FY2008 Estimate	FY2009 Request	FY2009 as % +/- FY2008	Spring FY2008 Supp	FY2009 Request Supp		
Inter-American Foundation	\$19.3	\$20.8	\$20.0	-3.8%				
African Development Foundation	\$22.8	\$29.8	\$30.0	0.6%				
Peace Corps	\$319.7	\$330.8	\$343.5	3.8%				
Millennium Challenge Corporation	\$1,752.3	\$1,544.4	\$2,225.0	44.1%				
Global Health and Child Survival (State Dept.)	\$3,246.5	[\$4,661.9]	\$4,779.0	2.5%				
Democracy Fund	\$354.1	\$162.7	—	—				
International Narcotics Control & Law Enforcement	\$724.6	\$553.9	\$1,202.1	116.0%	734.0	225.0		
Andean Counterdrug Program	\$721.5	\$324.8	\$406.8	27.2%				
Migration & Refugee Assistance	\$963.5	\$1,023.2	\$764.0	-25.3%	30.0	191.0		
Emergency Refugee & Migration Assistance Fund	\$110.0	\$44.6	\$45.0	0.9%				
Nonproliferation, Anti-Terrorism, Demining	\$463.5	\$483.1	\$499.0	3.3%	5.0			
Treasury Department Technical Assistance	\$22.6	\$20.2	\$29.0	43.6%				
Debt Restructuring	\$64.4	\$30.1	\$141.0	368.4%				
Subtotal, Title III Bilateral Economic Assistance	\$19,545.6	\$17,621.2	\$18,835.8	6.9%	2,819.0	2,253.7		
International Military Education & Training	\$85.9	\$85.2	\$90.5	62.2%				
Foreign Military Financing	\$4,825.8	\$4,551.9	\$4,812.0	5.2%		170.0		
Peacekeeping Operations	\$453.3	\$261.4	\$247.2	-5.4%		60.0		
Subtotal, Title IV Military Assistance	\$5,365.0	\$4,898.5	\$5,149.7	5.1%	—	230.0		

	FY2007 Actual	FY2008 estimate	FY2009 Request	FY2009 as % +/- FY2008	Spring FY2008 Supp	FY2009 Request Supp		
World Bank: Global Environment Facility	\$79.2	\$81.1	\$80.0	-1.4%				
International Clean Technology Fund	—	—	\$400.0					
World Bank: Int'l. Development Association	\$940.5	\$942.3	\$1,277.0	35.5%				
World Bank: Multilateral Investment Guarantee Fund	—	—	—	—				
IADB: Enterprise for Americas MIF	\$1.7	\$24.8	\$25.0	0.8%				
IADB: Inter-American Investment Corporation	—	—	—	—				
Asian Development Bank: Asian Development Fund	\$99.0	\$74.5	\$115.2	54.8%				
African Development Bank	\$3.6	\$2.0	—	—				
African Development Fund	\$134.3	\$134.6	\$156.1	16.0%				
European Bank for Reconstruction & Development	—	\$0.0	—	—				
International Fund for Agricultural Development	\$14.9	\$17.9	\$18.0	6.0%				
International Organizations & Programs	\$303.9	\$316.9	\$276.9	12.6%	—	—		
Subtotal, Title V Multilateral Assistance	\$1,273.2	\$1,594.1	\$2,348.2	62.2%	—	—		
P.L.480 Food Aid^c	\$1,664.7	\$1,210.2	\$1,225.9	1.2%	350.0	395.0		
Foreign Operations	\$27,744.9	\$23,997.0	\$26,174.5	8.9%	3,169.0	2,878.7		
State & Broadcasting Total	\$10,896.2	\$11,558.1	\$12,188.1	5.5%	2,254.6	1,121.3		
State Dept, Foreign Ops & Related Agencies Total	\$38,641.1	\$35,555.1	\$38,362.6	7.9%	5,423.6	4,000.0		

Source: U.S. Department of State budget documents; House and Senate Appropriations Committees; and CRS calculations.

Note: Figures may not total due to rounding.

a. Includes regular and supplemental appropriations.

b. The amount reflected here is an approximation of the portion of GHP that correlates with the CSH account in USAID.

c. P.L. 480 is appropriated in the Agriculture Appropriations measure. Figure includes the Emerson Humanitarian Trust and Dole-McGovern program.